

Restated Wizard Lake oil volumes increase by 55%; Production online in Q2

20th February 2019

The Wizard Lake Rex oil well is on track to be tied into production in Q2 2019

Whitebark Energy Ltd (ASX: WBE) is pleased to advise that following reconciliation of the hydrocarbons produced from the January 2019 flow test of its Wizard Lake Rex well, the total oil produced from the 16-day flow test has been increased from 1833 barrels of oil to 2845 barrels – a 55% increase.

The well was originally assessed at 305 barrels of oil per day (pre-reconciliation) and rising when the flow test was completed. This increase in total testing volumes would very likely mean that daily production, when the well is brought on line, will be higher than initially forecast.

The reconciliation was based on final, oil cut adjusted, receivals at customer oil refineries. There is no change to gas production rates.

Progress on the tie-in of the Wizard Lake Rex well to production has continued with landholder approvals required to construct a pipeline and treatment facility well advanced.

The increased volumes are being factored into the pipeline and facility requirements for commercial production.

Whitebark Energy Managing Director David Messina said Whitebark and its joint venture partner Point Loma Resources remained on-track to tie the well into production in Q2 2019. Whitebark Energy has a 30 per cent working interest in the well and lands associated with the discovery.

“The total cost for the pipeline, a new production pad and small treatment facility is estimated to be less than A\$530,000, which is A\$160,000 to Whitebark Energy,” Mr Messina said.

“We look forward to hooking the Wizard Lake Rex well into production in Q2, by which time we also expect to have received an independent reserves evaluation. We should start receiving initial cashflow from the well in the June quarter, but the September quarter will better reflect the new production given typical commercial payment terms.”

Background

The Wizard Lake Rex well was spud on the 24 November 2018 and drilling finished on the 2 December 2018 (nine days inclusive). The well intersected a continuous reservoir section from the casing shoe with predominately good quality reservoir accompanied by excellent oil shows (fluorescence and cut) and elevated gas readings. Following a 27 stage fracture stimulation program, the well commenced cleanup flows on December 24th.

As is the practice by other operators in the area, a high-volume, submersible pump was used to assist with the recovery of frac fluids and to optimise the oil recovery rate. At this time, the company announced an increase in Working Interest to 30%, with an effective date of 31 December 2018. (Refer ASX Release 24

December 2018). Initial flow testing of the Wizard Lake Rex horizontal oil well recorded production rates of more than 300 barrels of oil per day prior to the completion of testing, establishing the production capability of the reservoir (Refer ASX release 21 January 2019). Oil cuts were trending upward through the stabilized flow period and indicate potential for further increases with full time production. Accordingly, the Point Loma Joint Venture (PLJV) determined the field was commercial.

The Rex target at Wizard Lake is the first horizontal well to be drilled in what could be a multi-well program analogous to the offsetting Leduc area Rex. Recent activity in the area has resulted in highly commercial wells (250-300 boepd, 80% oil, 16-17 API, EUR 2P~250kboe). The target zone in the PLJV lands has similar porosity but is thicker than at the Leduc area. (Refer ASX release 13 November 2018).

The Rex prospect has the potential for 10-14 follow up development wells.



Figure 1 - Wizard Lake Rex Well Site

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About Whitebark Energy

Whitebark Energy Limited (ASX: WBE) is a Perth-based company with production and exploration assets in Canada and Australia.

Canada

Whitebark holds between 20% and 30% working interest (varies by license) in the Point Loma Joint Venture (PLJV) in the province of Alberta with TSXV-listed Point Loma Resources Limited.

The PLJV is a well-established producer, with existing oil and gas processing facilities and pipelines into markets. Whitebark's aim for the PLJV is for a significant increase in production through acquisitions, the workover and tie-in of behind-pipe reserves and horizontal development drilling.



Western Australia



In Western Australia, the Company holds a 100% interest, through wholly owned subsidiary Latent Petroleum, in the 4.4-11.6tcf (refer ASX release dated 19 November 2015) undeveloped Warro Gas Project, about 200km north of Perth.

The Company confirms that it is not aware of any new information or data that materially affects the information included in the original market announcements and, in the case of contingent resource estimates that all material assumptions and technical parameters underpinning the estimates in the relevant market announcement continue to apply and have not materially changed.